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GREETING CARD AND RELATED OPERATIONS

Financial report and accounts for the 1989 season for the year ended 30 April 1990

SUMMARY

The present document presents the results for the 1989 season (1 May 1989-30 April 1990) of UNICEF greeting card and related operations.

A total of 152 million cards were sold in 1989, representing an increase of 13 million cards, or 9.4 per cent, over the previous year. Gross proceeds increased to $107.5 million, up by 8.7 per cent.

The net operating profit for the Greeting Card Operation (GCO) was $52 million, representing 48.4 per cent profitability in terms of gross proceeds. Net operating profit from GCO-supported private-sector fund-raising appeals was $11.1 million. The consolidated net operating profit of $63.1 million was $10.7 million, or 20.5 per cent, over 1988.

After adjustment for exchange rate losses of $1.4 million (net of an allowance for anticipated exchange rate losses on accounts receivable and a gain on revaluation), the GCO consolidated net profit contribution to UNICEF general resources was $61.7 million, an increase of $18.5 million over 1988.

A country-by-country performance report for the five-year period 1985-1989, with a detailed analysis of 1989, is contained in the annex to the present report.

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FOREWORD

I am pleased to report that in 1989 the greeting card and related operations were able to achieve a record contribution of $61.7 million to UNICEF general resources and a record sales volume of 152 million cards. The general public, through the Greeting Card Operation (GCO), thus became the second largest contributor to UNICEF general resources.

This success is due to the work of thousands of individuals around the world. Our thanks go to the National Committees for UNICEF and other co-operating groups whose staff and volunteers sold UNICEF cards and related products; to the hundreds of artists, museums and art collectors whose works were made available, at no charge, for greeting card designs; and to the millions of individuals who purchased UNICEF cards and related products and who donated their time and money to the cause of UNICEF throughout the year.

(Signed) James P. GRANT
Executive Director

I. FINANCIAL REPORT FOR THE 1989 SEASON

A. An overview of the results of the 1989 season

1. In 1989, the greeting card and related operations contributed $61.7 million to UNICEF general resources. This contribution consists of the consolidated net operating profit of the Greeting Card Operation (GCO) of $52 million, the net operating profit of $11.1 million from GCO-supported private-sector fund-raising appeals and an exchange rate loss of $1.4 million. This was the fifth consecutive season in which GCO exceeded both the previous year's results and the budget.

2. The net operating profit of $52 million (48.4 per cent profitability) on products was reached through increased sales and strict controls on expenditures. Gross proceeds were $107.5 million. Net operating profit is a major indicator of product sales performance and represents GCO profitability without the influence of adjustments owing to the effects of exchange rate fluctuations. Reaching 50 per cent profitability by 1992, an objective set by the UNICEF Executive Board, remains an important goal for GCO.

3. The net operating profit from private-sector fund-raising activities increased from $4.9 million in 1988 to $11.1 million as National Committees for UNICEF and field offices expanded direct mail campaigns supported by GCO.

	1989 actual	Change over 1988	1988 actual	1989 budget
Card sales (in millions)	152	13	139	135
	(In millions of United States dollars)			
Gross proceeds	107.5	8.6	98.9	95.3
Commissions	26.4	1.3	25.1	23.8
Total costs	35.5	3.6	31.9	32.3
Other income - net	6.4	0.9	5.5	4.0
Net operating profit - GCO products	52.0	4.5	47.5	43.2
Net operating profit - fund-raising	11.1 a/	6.2	4.9	4.7
Net operating profit - consolidated	63.1	10.7	52.4	47.9
Exchange rate adjustment	-1.4	7.8	-9.2	0.0
Net profit - consolidated	61.7	18.5	43.2	47.9

a/ Excluding $2.9 million allocated to supplementary funds (see paras. 31-36). This is shown in UNICEF financial report.

4. Highlights of 1989 results, compared with 1988 actual figures and 1989 budget figures, are shown above. More detailed explanations are provided in the notes to the financial statements (see paras. 20-49 below) and in the five-year (1985-1989) overview of country-by-country performance contained in the annex.

Sales and gross proceeds

5. Card sales were 152 million, showing an increase of 13 million cards (9.4 per cent) over 1988 and 17 million more than the 1989 budget level of 135 million. Gross proceeds reached $107.5 million and were $8.6 million (8.7 per cent) above 1988 and $12.2 million (12.8 per cent) above the 1989 budget.

Commissions

6. Commissions, which include funds retained by National Committees and other sales partners, expenses incurred at field offices and commissions paid to consignees, amounted to $26.4 million.

7. Commissions represented 24.5 per cent of gross proceeds, lower than the 1988 actual level of 25.4 per cent and the budget level of 25.0 per cent.

Total costs

8. Total costs amounted to $35.5 million (an increase of $3.6 million over 1988) and consisted of costs of goods delivered (including freight, duties and taxes) and operating costs. As a percentage of gross proceeds, total costs were 33.1 per cent, an increase of 0.9 per cent over 1988.

9. The cost of goods delivered amounted to $22.0 million, an increase of $2.4 million (12.4 per cent) over 1988. This increase is largely attributed to higher sales volume and its related production and shipping costs, a changed product mix and higher promotion material costs to increase outreach and support sales growth in GCO major markets.

10. Operating costs amounted to $13.5 million, the same as the 1989 budget, but for an increase of $1.2 million (9.8 per cent) over 1988. This was a cumulative result of statutory salary increases, higher rental costs and higher marketing costs to support increased card sales in GCO major markets. As a percentage of gross proceeds, operating costs were 12.6 per cent, in line with 1988 figures.

Other income - net

11. Other income totalled $6.4 million (an increase of $0.9 million over 1988) and included royalty income from licensed products, income from a successful promotion campaign in Japan (see para. 29 below), profits from the sale of National Committee products, donations generated through GCO brochures and prior year adjustments.

Net operating profit - GCO products

12. Net operating profit from product sales was $52 million, $4.5 million (9.5 per cent) higher than in 1988 and $8.9 million (20.5 per cent) above the 1989 budget level.

13. This represented 48.4 per cent of gross proceeds, an increase of 0.4 per cent over the 1988 level, closely approaching the Executive Board recommended level of 50 per cent that GCO plans to achieve in 1992.

Net operating profit - fund-raising

14. Net operating profit from GCO-supported National Committee and field office fund-raising appeals increased to $11.1 million from $4.9 million in 1988.

15. The $11.1 million was raised for UNICEF general resources and recorded in the accounts of GCO. In addition, $2.9 million from GCO-supported National Committee fund-raising was raised for UNICEF supplementary-funded projects and is shown in the UNICEF financial report.

Net operating profit - consolidated

16. Consolidated net operating profit of greeting card and related operations, reflecting GCO performance before adjustment for exchange rate fluctuations, amounted to a record $63.1 million, an increase of $10.7 million over 1988.

Exchange rate adjustment

17. For 1989, the GCO overall exchange rate adjustment amounted to a net loss of $1.4 million. This was after providing a $7.1 million allowance for anticipated exchange rate losses on non-United States dollar accounts receivable as at 30 April 1990 and a gain on revaluation of $5.7 million on assets and liabilities held in currencies other than the United States dollar (see paras. 53 and 54 below).

Net profit - consolidated

18. Consolidated net profit from GCO product sales and GCO-supported fund-raising activities after adjustment for exchange rate fluctuations was $61.7 million, an increase of $18.5 million over 1988.

B. Financial statements for the year ended 30 April 1990

19. The three financial statements that follow are supported by the notes to the financial statements (para. 20-49 below), which are considered an integral part of the financial report.

STATEMENT I

Comparative statement of income and expenditure for the season ended 30 April 1990

(In thousands of United States dollars)

	Notes	1989 season 1 May 1989-30 April 1990		1988 season 1 May 1988-30 April 1989		Variance Increase/(decrease)	
Number of cards sold (millions)		**152**		**139**		**13**	
			%		%		%
Gross proceeds	1	107,535	100.0	98,940	100.0	8,595	8.7
Less: Commissions to sales partners and direct expenses at field offices	2	26,399	24.5	25,116	25.4	1,283	5.1
Net sales		81,136	75.5	73,824	74.6	7,312	9.9
Less: Total cost of goods delivered	3	22,003	20.5	19,577	19.8	2,426	12.4
		59,133	55.0	54,247	54.8	4,886	9.0
Less: Operating costs	4	13,508	12.6	12,305	12.4	1,203	9.8
		45,625	42.4	41,942	42.4	3,683	8.8
Add: Other income - net	5	6,437	6.0	5,541	5.6	896	16.2
Net operating profit - GCO products	6	52,062	48.4	47,483	48.0	4,579	9.6
Add: Net operating profit - fund-raising	7	11,071 a/		4,907		6,164	125.6
Net operating profit - consolidated	8	63,133		52,390		10,743	20.5
Less: Exchange rate adjustment	9	1,475		9,228		(7,753)	(84.0)
Net profit - consolidated	10	61,658		43,162		18,496	42.9

a/ Excluding $2.9 million allocated to supplementary funds (see paras. 31-36). This is shown in the UNICEF financial report.

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

STATEMENT II

Comparative statement of assets, liabilities and fund balance at 30 April 1990

(In United States dollars)

	Notes	1989 season		1988 season		Increase/(decrease)	
ASSETS							
Cash on hand	11		252,754.61		1,587,819.23		(1,335,064.62)
Accounts receivable	12	91,730,272.83		65,847,305.41		25,882,967.42	
Less: Allowance for exchange rate fluctuation		7,148,806.82		5,722,780.40		1,426,026.42	
Net accounts receivable	13		84,581,466.01		60,124,525.01		24,456,941.00
Inventory	14		13,160,130.86		11,438,080.64		1,722,050.22
Prepaid expenses	15		667,889.56		733,637.93		(65,748.37)
Capital assets	16		12,628.50		86,350.96		(73,722.46)
Total assets			98,674,869.54		73,970,413.77		24,704,455.77
LIABILITIES							
Accounts payable	17	4,443,544.58		4,221,003.73		222,540.85	
UNICEF inter-office account	18	32,573,078.15		26,586,629.21		5,986,448.94	
Total liabilities			37,016,622.73		30,807,632.94		6,208,989.79
FUND BALANCE	19		61,658,246.81		43,162,780.83		18,495,465.98
Total liabilities and fund balance			98,674,869.54		73,970,413.77		24,704,455.77

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

STATEMENT III

Comparative statement of the actual results for the season ended 30 April 1990 with the approved work plan and budget

(In thousands of United States dollars)

	1989 season							
	Actual			Budget			Variance	%
Number of cards sold (millions)	152			135			17	12.6
			%			%		
Gross proceeds		107,535	100.0		95,300	100.0	12,235	12.8
Less: Commissions to sales partners and direct expenses at field offices		26,399	24.5		23,800	25.0	2,599	10.9
Net sales		81,136	75.5		71,500	75.0	9,636	13.5
Less: Cost of goods delivered	15,162		14.1	12,700		13.3	2,462	19.4
Freight, duties and taxes	2,892		2.7	2,500		2.6	392	15.7
Promotion materials	3,949		3.7	3,600		3.8	349	9.7
Total cost of goods delivered		22,003	20.5		18,800	19.7	3,203	17.0
Less: Marketing, sales and art	4,375		4.1	4,400		4.6	(25)	(0.6)
Operations	4,257		4.0	4,000		4.2	257	6.4
Administration	4,876		4.5	5,100		5.4	(224)	(4.4)
Total operating costs		13,508	12.6		13,500	14.2	8	0.1
Add: Other income - net		6,437	6.0		4,000	4.2	2,437	60.9
Net operating profit - GCO products		52,062	48.4		43,200	45.3	8,862	20.5
Add: Net operating profit - fund-raising		11,071 a/			4,700		6,371	135.6
Net operating profit - consolidated		63,133			47,900		15,233	31.8
Less: Exchange rate adjustment		1,475			0		1,475	100.0
Net profit - consolidated		61,658			47,900		13,758	28.7

a/ Excluding $2.9 million allocated to supplementary funds (see paras. 31-36). This is shown in the UNICEF financial report.

Kano Yamamoto, Comptroller

James P. Grant, Executive Director

C. Notes to the financial statements

Statement I (income and expenditure)

Note 1. Gross proceeds

20. This shows the total sales value of all GCO products sold during the campaign year. Sales by major product category compared with 1988 are shown below:

	(In millions of United States dollars)			
			Variance	
	1989	1988	$	%
Cards	86.6	79.4	7.2	9
Calendars	5.3	5.3	0.0	0
Stationery	3.9	2.6	1.3	50
Educational materials	4.2	5.0	-0.8	-16
Shopping bags	2.1	2.0	0.1	5
Other products	5.4	4.6	0.8	17
Total	107.5	98.9	8.6	9

21. Gross proceeds amounted to a record $107.5 million, an increase of $8.6 million over 1988. This was mainly the result of higher volume and price increases.

22. Gross proceeds by sales channel for 1989 compared with 1988 were:

	(In millions of United States dollars)			
			Variance	
	1989	1988	$	%
National Committees and other sales partners	92.7	84.4 a/	8.3	10
Field offices	14.8	14.5 a/	0.3	2
Total	107.5	98.9	8.6	9

a/ The amounts were restated as a result of the transfer of responsibility for the national greeting card operation in Japan from GCO to the Japan Committee for UNICEF.

23. A detailed analysis of sales and performance by country is contained in the annex.

Note 2. Commissions and field office expenses

24. This item consists of commissions paid to National Committees and other sales partners, and total direct selling expenses at GCO sales offices. The 1989 goal of GCO to bring retentions by National Committees and direct selling expenses at field offices to 25 per cent of gross proceeds was achieved. Commissions and selling expenses amounted to $26.4 million (24.5 per cent of gross proceeds). A breakdown is given below:

	(In millions of United States dollars)			
			Variance	
	1989	1988	$	%
National Committees and other sales partners	22.9	21.7 a/	1.2	6
Field offices	3.5	3.4 a/	0.1	3
Total	26.4	25.1	1.3	5

a/ The amounts were restated as a result of the transfer of responsibility for the national greeting card operation in Japan from GCO to the Japan Committee for UNICEF.

Note 3. Total cost of goods delivered

25. The total cost of goods delivered, including promotion materials, freight, duties and taxes, was $22.0 million, an increase of $2.4 million (12 per cent) over 1988. This increase was mainly due to higher volume with its related production and distribution costs, as well as to a changed product mix and higher promotion material costs for an increase of outreach and to support sales growth in GCO major markets. As a percentage of gross proceeds, this represents a 0.7 per cent increase over the 1988 level. Details are presented below:

	(In thousands of United States dollars)			
			Variance	
	1989	1988	$	%
Cost of goods delivered	15,162	13,496	1,666	12
Freight, duties, taxes	2,892	2,765	127	5
Promotion materials	3,949	3,316	633	19
Total	22,003	19,577	2,426	12

Note 4. Total operating costs

26. These represent GCO costs for product-related operations, including staff costs. The 1989 costs amounted to $13.5 million, an increase of $1.2 million over 1988, the same as the 1989 budget. As a percentage of gross proceeds, operating costs were 12.6 per cent, in line with 1988 and 1.6 per cent lower than the 1989 budget.

27. The increase was mainly due to higher marketing and sales costs in support of the higher sales volume ($0.5 million) in major markets, statutory salary increases ($0.4 million) and higher rental costs ($0.2 million) in connection with the move to new office facilities in New York.

	(In thousands of United States dollars)			
			Variance	
	1989	1988	$	%
Marketing, sales, art search	4,375	3,535	840	24
Operations	4,257	4,338	(81)	-2
Administration	4,876	4,432	444	10
Total	13,508	12,305	1,203	10

Note 5. Other income - net

28. Other income increased by $0.9 million (16 per cent) in 1989. A comparison between 1989 and 1988 is presented below.

	(In thousands of United States dollars)			
			Variance	
	1989	1988	$	%
Licensed products	3,764	2,962	802	27
Donations	1,768	1,465	303	21
Miscellaneous income	1,474	808	666	82
Write-off of accounts receivable	(119)	(96)	(23)	-24
Prior year adjustments	(450)	402	(852)	-212
Total	6,437	5,541	896	16

29. Other income components are discussed further below:

(a) Income from licensed products ($3.8 million) includes royalties from special programmes (stamp collections, plates, etc.), income from Nippon Telegraph and Telephone Corporation's pressed flower telegram programme in Japan ($2.3 million), profits from the sale of National Committee products ($1.3 million) and other ($0.2 million);

(b) Donations ($1.8 million) represent contributions generated through GCO brochures/order forms;

(c) Miscellaneous income ($1.5 million) comprises bank interest, discounts on purchases, proceeds from the sale of obsolete equipment, etc.;

(d) Write-off of prior years' receivables (a loss of $0.1 million). GCO policy is to write off receivables after three years, or when they are deemed not collectable. Nevertheless, GCO continues its efforts to collect on these debts;

(e) Prior year adjustments (a loss of $0.5 million) are sales-related adjustments reported by National Committees and other sales partners for prior years.

Note 6. Net operating profit - GCO products

30. For the 1989 campaign, net operating profit - GCO products was $52 million, an increase of $4.5 million over 1988. As a percentage of gross proceeds, the 1989 net operating profit reached an all time high of 48.4 per cent. The GCO goal is to reach 50 per cent in 1992.

Note 7. Net operating profit - fund-raising

31. This consists of the income from GCO-supported National Committee and field office fund-raising appeals ($15.1 million) net of related expenses, including the start up costs for the Special Events and New Initiatives (SENI) fund-raising unit. Details of income and expenses are as follows:

Net income from National Committees and Field Offices		(United States dollars)
Belgium		224,752
Cyprus		7,958
Denmark		47,953
France		7,499,933
Germany, Federal Republic of		3,355,382 a/
Hongkong		53,182
Italy		2,171,874
Japan		85,666
Mexico		2,958
Netherlands		583,300
Norway		10,472
Sweden		41,055
Thailand		1,693
Turkey		43,748
United States		928,151 a/
Total net income		15,058,077
Less: Income recorded in UNICEF financial report		2,900,000 a/
GCO net proceeds		12,158,077
Less: PSF expenses	885,174	
SENI expenses	201,498	1,086,672
Net operating profit		11,071,405

a/ Of the total amount raised in the Federal Republic of Germany ($3,355,382) and the United States ($928,151), only $1,155,382 and $228,151, respectively, are included in GCO income for general resources. The balance of $2,200,000 and $700,000 was allocated by the German Committee for UNICEF and the United States Committee for UNICEF, respectively, to supplementary funds and is shown in the UNICEF financial report.

32. In 1989, the number of National Committees and field offices conducting GCO-supported fund-raising appeals increased from 10 to 15 and the net income generated for UNICEF from these campaigns rose from $6.3 million to $15.1 million (an increase of 140 per cent), mainly from higher revenues obtained through new and expanded direct mail appeals implemented by National Committees and field offices.

33. Of the $15.1 million total, $2.9 million (18 per cent) was allocated by National Committees to various UNICEF supplementary funding projects. According to GCO rules, under which GCO contributes exclusively to UNICEF general resources, funds allocated in this way cannot be included in GCO accounts. Therefore, GCO is reporting total net proceeds of $12.2 million in its 1989 financial statements, with the balance of $2.9 million being shown in the UNICEF financial report.

34. GCO operating expenses in the area of private-sector fund-raising for 1989 amounted to $0.9 million and included:

	1989	1988
	(In thousands of United States dollars)	
Established posts	143	62
Short-term professional staff	243	102
Short-term general service staff	118	35
Travel, conference and liaison	55	10
Support services and materials	185	40
Rent, equipment, supplies and freight	27	16
Production costs	114	141
Total operating expenses - private sector fund-raising	885	406

35. Staff costs were higher in order to cover the increased income and work-load. Travel, conference and liaison costs increased as more consultations and workshops with National Committees were held. Support services and materials decreased as more of the materials produced for GCO-supported campaigns were reimbursed from Committees' fund-raising income.

36. In 1989, the Executive Director assigned the handling of special fund-raising events and new initiatives to GCO (E/ICEF/1990/AB/L.6, para. 67). Being in its first year of operation, SENI had the following start-up costs:

	1989	1988
	(In thousands of United States dollars)	
Short-term professional staff	148	-
Short-term general service staff	10	-
Rent, equipment, supplies and freight	43	-
Total operating expenses - special events and new initiatives	201	-

Note 8. Net operating profit - consolidated

37. The consolidated net operating profit from the sale of GCO products and private-sector fund-raising support to UNICEF amounted to $63.1 million in 1989, an increase of $10.7 million over 1988.

Note 9. Exchange rate adjustment

38. The effect of exchange rate fluctuations on GCO income and accounts receivable can be substantial (see para. 54 below). In 1989, this resulted in a net loss of $1.4 million composed of:

(a) A gain of $5.7 million on periodic revaluations of assets and liabilities held in currencies other than the United States dollar;

(b) An allowance of $7.1 million established to cover the anticipated exchange rate loss on accounts receivable in non-United States dollars as of 30 April 1990 (see para. 42 below).

Note 10. Net profit - consolidated

39. The consolidated net profit from GCO products and private-sector fund-raising support to UNICEF in 1989 was $61.7 million, an increase of $18.5 million over 1988.

Statement II (assets, liabilities and fund balance)

Note 11. Cash on hand

40. Cash on hand consisted of balances in GCO bank accounts and petty cash accounts, which amounted to $0.3 million at 30 April 1990.

Note 12. Accounts receivable

41. Accounts receivable include amounts due from National Committees and other sales partners for sales, as well as royalties and miscellaneous receivables. The gross accounts receivable at 30 April 1990 were $91.7 million, compared with $65.8 million at 30 April 1989. The increase of $25.9 million is due to higher sales proceeds generated in the 1989 campaign. Agreements with National Committees provide for payment of these balances by 31 August of each year after the campaign. The outstanding balance as at 15 November 1990 was $21.9 million.

Note 13. Net accounts receivable

42. According to the GCO accounting policy (see para. 54 below), an allowance of up to 10 per cent of accounts receivable held in non-United States dollar currencies may be established, which for 1989 amounted to $7.1 million. Net accounts receivable after deducting this allowance amounted to $84.6 million.

Note 14. Inventory

43. Inventory is stated at standard cost (raw materials, products in process, finished products and products in transit) and at 30 April 1990 amounted to $13.2 million. The inventory at 30 April 1990 consisted of:

(a) Card and non-card products;

(b) Publicity and promotion materials manufactured during the year for the 1990 campaign;

(c) Carry forward inventory from prior years, at add-on cost.

	1989	1988
	(In thousands of United States dollars)	
Raw materials	3,617	3,050
Products in process, finished products, products in transit and publicity/promotional products	9,543	8,388
Total	13,160	11,438

Note 15. Prepaid expenses

44. These represented payments made to suppliers for the production of GCO products and promotion materials for 1990 and future campaigns. At April 30 1990 these amounted to $0.7 million (the same as in 1988).

Note 16. Capital assets

45. These are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Below is a summary of capital assets at 30 April 1990.

	1989	1988
	(In thousands of United States dollars)	
Production machinery	428	428
Telephone	88	88
sub-total	516	516
Accumulated depreciation	503	430
Total	13	86

Note 17. Accounts payable

46. Total accounts payable at 30 April 1990 amounted to $4.4 million, an increase of $0.2 million over the 1988 level. A total of $1.9 million was payable to outside suppliers, $1.3 million was accrued for salaries and expenses payables and the balance of $1.2 million represented remittances received from sales partners that are applicable to the 1990 campaign.

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Note 18. UNICEF inter-office account

47. This represents the balance owed to UNICEF for monies advanced by UNICEF as working capital to GCO, which at 30 April 1990 was $32.6 million. At year's end, GCO earnings are transferred by GCO to UNICEF via this account.

Note 19. Fund balance

48. This represents GCO earnings for the current year which are transferred to UNICEF general resources income.

Statement III (actual results compared with 1989 work plan and budget)

49. GCO performance in 1989 was considerably above budget projections. The highlights are as follows:

(a) Card sales were over budget by 17 million units, or 12.6 per cent;

(b) Gross proceeds exceeded budget by $12.2 million, or 12.8 per cent;

(c) Commissions (including direct expenses at field offices) were $2.6 million over budget, a direct result of higher sales proceeds. As a percentage of gross proceeds, commissions were 24.5 per cent in 1989, 0.5 per cent lower than budget;

(d) Total cost of goods delivered amounted to $22.0 million, $3.2 million over budget. This increase was attributable to higher volume (12.6 per cent) and its related production and freight costs, a changed product mix and higher promotion material costs to increase outreach and to support sales growth in GCO major markets;

(e) Total operating costs for the year were $13.5 million, the same as the budgeted amount. As a percentage of gross proceeds, total operating costs were 1.6 per cent below budget;

(f) Net operating profit from GCO products was $52 million, an increase of $8.9 million (20.5 per cent) over budget. As a percentage of gross proceeds, net operating profit was 48.4 per cent, compared with a budget of 45.3 per cent;

(g) Net operating income from fund-raising was $11.1 million, an increase of $6.4 million (135 per cent) over budget;

(h) After exchange rate adjustment, GCO posted a net consolidated profit of $61.7 million, exceeding the budgeted level by $13.8 million.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

50. The accounts are maintained in accordance with the Financial Regulations and Rules of the United Nations Children's Fund and with the Financial Regulations and Rules of the United Nations Children's Fund, Special Supplement, Greeting Card Operation.

51. The accounting period of GCO is 1 May to 30 April. The accounts of GCO are consolidated into the UNICEF accounts as at 31 December. Consistent year-end cut-off procedures are in effect to incorporate GCO accounts into the UNICEF financial statements.

52. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange on the transaction date.

53. Deliveries to National Committees and other sales partners are recorded in local currencies converted into United States dollars at the United Nations exchange rate operational on the individual delivery dates. GCO gross proceeds reported in local currencies by sales partners are recorded in United States dollars at the resultant average exchange rates calculated on the basis of the rates used for deliveries. Actual cash collection is recorded in United States dollars at the United Nations rate in effect at the time remittances are received.

54. Periodically, assets and liabilities in currencies other than United States dollars are valued for accounting purposes at the prevailing United Nations rates of exchange. Any variance in valuation caused by fluctuation of those rates is accounted for as income or loss and shown separately in the statement of income and expenditure under revaluation of assets and liabilities. An allowance of 10 per cent of non-United States dollar-denominated outstanding accounts receivable at 30 April may be established to cover the fluctuation of exchange rates. The allowance is shown as a deduction from the accounts receivable on the statement of assets and liabilities.

55. The inventory of raw materials, work in process, finished goods for the next campaign and goods in transit are valued at standard cost. It is GCO policy to write off all finished unsold products from the current campaign year. Products that are carried forward to the following campaign are included in inventory at add-on cost. All publicity and promotion materials bought in the current campaign year, but relating to future campaign years, are shown at standard cost and included in inventory.

56. Capital assets (machinery and equipment) costing $100,000 or more are capitalized and depreciated over their estimated useful life.

57. GCO-supported National Committee fund-raising income for UNICEF general resources and related GCO fund-raising expenses are recorded in GCO accounts as a separate item.

Annex

COUNTRY-BY-COUNTRY PERFORMANCE REPORT FOR THE 1989 SEASON
FOR THE SALE OF GREETING CARDS AND RELATED PRODUCTS

1. Since 1987, in response to a UNICEF Executive Board request, the following report representing an evaluation of performance by sales partner for the sale of greeting cards and related products is prepared annually:

(a) Table 1 below shows gross proceeds for all products and the number of cards sold by sales region and by major selling country for 1989 compared with 1988. It shows the ranking of each major market expressed as a percentage of global gross proceeds and also illustrates each country's performance on a per capita basis showing gross proceeds and cards sold per 1,000 population in 1989 compared with 1988;

(b) Table 2 below shows country-by-country performance for the period 1985-1989.

2. In order to measure country-by-country performance, GCO has established eight indicators that have been discussed with the respective sales partners: National Committees for UNICEF, field offices and consignees. The indicators reflect the areas of joint responsibility of the greeting card sales partnership, including forecasting, ordering, selling, pricing and promotion material costs, and lead up to the key indicator: "contribution to GCO".

3. The eight performance indicators (PI 1 to PI 8) are:

(a) PI 1. Card sales (in millions of cards);

(b) PI 2. Gross proceeds (in millions of United States dollars);

(c) PI 3. Other income (in millions of United States dollars) from special programmes such as licensed products or products produced by sales partners;

(d) PI 4. Commission/retention or direct expenses at field offices (as a percentage of gross proceeds);

(e) PI 5. Pricing is indicated as a percentage of a base price for an "A-format" (standard-size) card established annually by GCO. An asterisk (*) denotes countries where the price level has reached or exceeded the GCO base price;

(f) PI 6. Distribution over sales (as a percentage over base) represents a percentage exceeding established distribution ratios for a consignment sales partnership (the standard = 0);

(g) PI 7. Promotion materials costs (as a percentage of gross proceeds) are the direct costs of production of promotion materials provided free by GCO to its sales partners;

(h) PI 8. Contribution to GCO (as a percentage of gross proceeds) represents the result of sales proceeds plus other income, less commissions/sales office costs, cost of goods delivered and the cost of promotion materials, expressed as a percentage of gross proceeds. It is the measure of performance. The cost of goods delivered are influenced by the sales partners' accuracy in forecasting and ordering as well as by the efficiency of GCO procurement.

Performance overview (1985-1989)

4. Table 2 reflects the performance by country over a period of five years. This overview can be summarized by country, by region and globally. Global performance shows the following trends:

(a) PI 1. Sales volume increased from 117.3 million cards in 1985 to 152.4 million cards in 1989, a 30 per cent increase;

(b) PI 2. Gross proceeds grew steadily from $56.0 million in 1985 to $107.5 million in 1989, an increase of 92 per cent;

(c) PI 3. Other income increased from $1.2 million in 1985 to $6.7 million in 1989, a 458 per cent increase;

(d) PI 4. Commissions/retention was reduced from 27 per cent in 1985 to 25 per cent in 1989. Since 1987, the overall 25 per cent commission/retention rate has been achieved by GCO sales partners collectively each year;

(e) PI 5. There was a consistent adaptation of pricing from 1985 to 1989 towards higher prices. The base price has been increasing, with most of Europe and the North America and Pacific countries reaching the base price;

(f) PI 6. Owing to improved methods and accuracy of forecasting, the excess distribution factor (distribution over sales) has consistently decreased, from 16 per cent in 1985 to 5 per cent in 1989;

(g) PI 7. Owing to constant monitoring and control on orders, the expenditure for promotion materials has remained at 4 per cent over this five-year period;

(h) PI 8. The overall contribution to GCO (as a percentage of gross proceeds) has steadily increased, from 52 per cent in 1985 to 61 per cent in 1989 (see para. 16 below).

1989 global assessment

5. The eight performance indicators not only serve as a tool to measure individual country performance, they also provide a means to assess globally GCO co-operative performance with National Committees and other sales partners.

6. There are a total of 43 individual countries and 4 groups of countries included in the 1989 country analysis, and the eight performance indicators show the following results.

Sales volume (PI 1)

7. In addition to providing a measure of income potential, this is the only indicator that also measures UNICEF "visibility" or presence in the world market. It is therefore valuable as a qualitative as well as a quantitative indicator.

8. In 1989, 29 countries and groups of countries showed increases in sales volume, 14 countries maintained 1988 sales levels and 4 countries showed sales decreases.

Gross proceeds (PI 2)

9. Gross proceeds from the sale of GCO products increased in 22 countries between 1988 and 1989, 18 countries maintained proceeds at approximately the same levels as in 1988 and 5 countries and 2 groups of countries showed slight decreases.

Other income (PI 3)

10. Income from other sources and products was a factor in the performance of 14 countries, compared with 12 in 1988, and a higher level than in 1988 was achieved.

Commissions/retention (PI 4)

11. The percentage retention by National Committees, expenses at field offices and commissions paid to sales partners remained at the same level as 1988 (25 per cent overall). Altogether, 34 countries were at or below the 25 per cent level and 13 were above it.

Pricing (PI 5)

12. In 1989, 20 countries were at or above the base price (the same as in 1988), while 25 countries remained below it.

13. In countries with high inflation, the system of periodic price adjustments helped to offset the negative effects of inflation.

Distribution/sales ratio (PI 6)

14. In many countries, the ratio of "cards distributed" over "cards sold" continued to improve as better forecasting systems were implemented. Twenty-nine countries reached or remained at standard, compared with 25 in 1988. Four countries reduced their ratio, while 14 increased their ratio.

Promotion material costs (PI 7)

15. Promotion material costs, expressed as a percentage of gross proceeds, increased in 23 countries in 1989. Costs decreased in 13 countries and remained approximately the same in 11 countries.

Contribution to the Greeting Card Operation (PI 8)

16. The overall performance improved in 1989 with net contributions to GCO from National Committees and other sales partners, including field offices, increasing to 61 per cent, compared with 60 per cent in 1988. (In order to reach the 50 per cent net profit GCO objective, this contribution should reach 63 per cent.)

17. In 25 countries, the contribution to GCO increased considerably, in 3 countries it remained unchanged, while in 19 countries it decreased. Analysing by region, it can be observed that contributions in region VI remained unchanged, regions I, II, and III showed overall increases, and regions IV and V had slight decreases.

1989 regional assessments

Region I (North America)

18. There were substantial increases in gross proceeds in both the United States and Canada. These were a result of price and volume increases in both countries.

19. Volume increased by 11 per cent in the United States. A decentralization of sales effort was implemented, but has yet to yield the expected volume expansion. The contribution to GCO from the United States increased from 38 per cent in 1988 to 48 per cent. This improved profitability was a result of a price increase, a lower retention rate and a lower ratio of promotion material expenses than in the preceding year.

20. The United States Committee's retention rate decreased from 36 per cent in 1988 to 28 per cent in 1989. The Committee confirmed its commitment to the goal of reaching a 25 per cent retention rate.

21. Canada achieved a volume increase of 10 per cent in 1989. This, along with a favourable distribution to sales ratio, contributed to an increase in its contribution to GCO from 52 per cent in 1988 to 55 per cent in 1989.

Region II (Latin America)

22. Overall performance improved substantially in this region in 1989. Gross proceeds increased by 26.7 per cent, and the contribution to GCO was 61 per cent compared with 40 per cent in 1988. Higher sales volume and gross proceeds in the region's major markets (Brazil, Columbia and Mexico) were the main factors in this improved regional performance.

23. Brazil, which accounts for 49 per cent of the region's gross proceeds, had a volume increase of 23 per cent, which contributed to a regional sales volume increase of 15.5 per cent. The successful implementation of an expanded corporate and consignee programme in that country helped to achieve this increase.

Region III (Asia)

24. A good overall performance in the region led to a strong improvement in the contribution to GCO, which rose from 95 per cent in 1988 to 112 per cent in 1989. These impressive gains in performance were due mainly to large increases in proceeds from special programmes such as the pressed flower telegram programme in Japan.

25. Sales volume increased in 1989 by 0.4 million cards, due mainly to an increase in Japan. However, owing to an unfavourable exchange rate, Japan's gross proceeds declined by $0.4 million. Hong Kong, the Republic of Korea and Indonesia maintained their levels of volume and proceeds. The contribution of the Republic of Korea to GCO in 1989 continued to suffer adversely, owing to steep statutory salary increases for local staff.

Region IV (Pacific, India and Pakistan)

26. This region showed some improvement in volume with an increase of 6 per cent, while gross proceeds remained at the 1988 level. The overall contribution to GCO decreased from 52 to 48 per cent.

27. The Australian Committee maintained its volume and revenues in 1989. Promotion material costs, which had been very high in 1986 and 1987, declined in 1988 and 1989. The contribution of Australia in 1989 was 48 per cent, a slight decrease over the previous year.

28. New Zealand's contribution to GCO dropped to 33 per cent in 1989 owing to lower "other income".

29. India increased its sales volume while maintaining its level of proceeds, leading to a slightly higher contribution to GCO. This was also due to lower field office expenses.

30. The negative contribution of Pakistan to GCO in 1988 was reversed in 1989; volume increased and expenses were reduced.

Region V (Europe)

31. Sales volume increased in the region from 93 million cards in 1988 to 102.1 million cards in 1989, representing an increase of 10 per cent. Gross proceeds also increased by 9 per cent. A significant part of this increase was the result of special efforts made in the corporate market.

32. "Distribution over sales" (PI 6) increased unfavourably from 1 per cent over base in 1988 to 8 per cent in 1989, while the cost of promotion materials (PI 7) in relation to proceeds remained constant. In 1989, GCO had higher deliveries than in 1988 to support increased demand and the growth in sales.

33. The contribution to GCO decreased from 62 per cent in 1988 to 61 per cent in 1989 mainly because of higher deliveries compared with 1988.

34. Austria's contribution to GCO increased as a result of higher volume and lower promotion material cost.

35. Denmark's contribution to GCO declined from 62 per cent in 1988 to 60 per cent owing to lower volume and gross proceeds and higher promotion material costs.

36. Finland increased both its gross proceeds and contribution to GCO with a constant sales volume.

37. France increased its sales volume to 14.4 million cards, an increase of 1.6 million (1.3 per cent) over 1988, thus becoming the second largest GCO market. Its gross proceeds increased by $1.1 million (10 per cent) over 1988. Its distribution over sales ratio increased to support the successful volume expansion effort.

38. The Federal Republic of Germany maintained its position of being the largest GCO market with a volume of 16.4 million cards, an increase of 0.8 million cards (5 per cent) over 1988. However, a drop in sales proceeds (due to an unfavourable exchange rate) and other income and higher distribution to sales ratio and promotion material costs resulted in a decrease in its contribution to GCO from 68 per cent in 1988 to 65 per cent in 1989.

39. Ireland had a decrease in its contribution to GCO owing to higher promotion material costs.

40. Italy had an increase in both volume and gross proceeds. However, its contribution to GCO decreased as a result of a higher distribution to sales ratio and promotion material costs and a changed product mix.

41. The Netherlands increased its sales volume and gross proceeds, but had a decrease in its contribution to GCO because of a higher distribution to sales ratio as well as promotion costs.

42. Norway had higher sales volume and gross proceeds in 1989, which helped to improve its contribution to GCO.

43. Spain had a sales volume of 13.6 million cards, an increase of 2.5 million (23 per cent) over 1988, thus becoming the third largest GCO market. Its gross proceeds increased to $5.4 million, an increase of $1.3 million (32 per cent) over 1988. The increase in its contribution to GCO from 55 per cent in 1988 to 58 per cent in 1989 was due to special products and an improvement in its distribution to sales ratio.

44. Sweden had a growth in both volume (8 per cent) and gross proceeds (19 per cent). In spite of an increase in its distribution to sales ratio and higher promotion material costs, its contribution to GCO increased to 52 per cent from 43 per cent in 1988 because of tax reimbursements.

45. Switzerland, with gross proceeds of $5.5 million (an increase of $0.5 million, 10 per cent over 1988) and a reduced distribution over sales ratio, increased its contribution to GCO to 69 per cent, compared with 67 per cent in 1988.

46. The United Kingdom of Great Britain and Northern Ireland had a volume of 2.4 million cards (an increase of 20 per cent over 1988) and increased its gross proceeds to $1.5 million from $1.3 million in 1988. However, its contribution to GCO remained the same as in 1988, at 41 per cent.

Region VI (Africa and the Middle East)

47. In spite of a drop in gross proceeds (11 per cent) and increased promotion material costs, this region's contribution to GCO remained at 68 per cent.

Table 1

Volume of card sales and gross proceeds for all products

- by region and by major markets -

1989 season compared with 1988 season

	1989 season					1988 season					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No. of cards sold 1989 over 1988	1989 gross proceeds over 1988	Population in millions
North America - Region I													
Canada	6,425	5,255	4.9	202.90	248	5,825	4,410	4.1	170.27	225	600	845	25.9
United States of America	12,994	9,589	8.9	39.33	53	11,648	8,389	7.8	34.41	48	1,346	1,200	243.8
Subtotal, North America	19,419	14,844	13.8	-	-	17,473	12,799	12.9	-	-	1,946	2045	
Latin America - Region II													
Argentina	768	425	0.4	13.49	24	767	427	0.4	13.56	24	1	(2)	31.5
Brazil	5,838	2,790	2.6	19.75	41	4,677	1,802	1.7	12.75	33	1,161	988	141.3
Chile	318	141	0.1	11.28	25	249	107	0.1	8.56	20	69	34	12.5
Colombia	1,027	580	0.5	20.21	36	962	575	0.5	20.03	34	65	5	28.7
Ecuador	303	184	0.2	18.59	31	282	163	0.2	16.46	28	21	21	9.9
Mexico	441	623	0.6	7.66	5	526	531	0.5	6.53	6	(85)	92	81.3
Peru	391	204	0.2	9.86	19	368	144	0.1	6.96	18	23	60	20.7
Uruguay	409	194	0.2	62.58	132	375	204	0.2	65.81	121	34	(10)	3.1
Venezuela	108	71	0.1	3.86	6	125	71	0.1	3.86	7	(17)	0	18.3
Others	749	550	0.5	-	-	702	522	0.5	-	-	47	28	
Subtotal, Latin America	10,352	5,762	5.4	-	-	9,033	4,546	4.6	-	-	1,319	1,216	
Asia - Region III													
Hong Kong	436	253	0.2	45.16	78	456	278	0.3	49.64	81	(20)	(25)	5.6
Indonesia	390	186	0.2	1.08	2	404	196	0.2	1.14	2	(14)	(10)	172.3
Japan	3,478	2,509	2.3	20.55	28	3,112	2,929	2.7	23.99	25	366	(420)	122.1
Korea, Republic of	258	174	0.2	4.13	6	245	145	0.1	3.44	6	13	29	42.1
Philippines	279	141	0.1	2.46	5	352	131	0.1	2.28	6	(73)	10	57.4
Thailand	120	67	0.1	1.25	2	158	82	0.1	1.53	3	(38)	(15)	53.7
Others	634	362	0.3	-	-	461	272	0.3	-	-	173	90	
Subtotal, Asia	5,595	3,692	3.4	-	-	5,188	4,033	4.1	-	-	407	(341)	
Pacific, India & Pakistan - Region IV													
Australia	2,147	1,663	1.5	102.65	133	2,163	1,485	1.4	91.67	134	(16)	178	16.2
India	7,142	2,122	2.0	2.71	9	6,682	2,378	2.2	3.04	9	460	(256)	783.0
New Zealand	492	347	0.3	105.15	149	420	322	0.3	97.58	127	72	25	3.3
Pakistan	321	132	0.1	1.24	3	182	50	0.0	0.47	2	139	82	106.2
Others	22	13	0.0	-	-	20	12	0.0	-	-	2	1	
Subtotal, Pacific, India & Pakistan	10,124	4,277	4.0	-	-	9,467	4,247	4.3	-	-	657	30	

Table 1 (continued)

	1989 season					1988 season					Increase/(decrease)		
	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	Thousands of cards sold	Gross proceeds (Thousands of US dollars)	Percentage of total proceeds	Gross proceeds per 1,000 population	Cards sold per 1,000 population	No. of cards sold 1989 over 1988	1989 gross proceeds over 1988	Population in millions
Europe – Region V													
Austria	1,571	1,251	1.2	164.61	207	1,404	1,244	1.2	163.68	185	167	7	7.6
Belgium	2,115	1,806	1.7	182.42	214	1,929	1,645	1.5	166.16	195	186	161	9.9
Czechoslovakia	546	786	0.7	50.71	35	290	650	0.6	41.94	19	256	136	15.5
Denmark	1,888	1,609	1.5	315.49	370	2,018	1,675	1.6	328.43	396	(130)	(66)	5.1
Finland	2,961	3,374	3.1	688.57	604	2,986	3,134	2.9	639.59	609	(25)	240	4.9
France	14,392	11,812	11.0	215.15	262	12,847	10,722	10.0	195.30	234	1,545	1,090	54.9
German Democratic Republic	955	342	0.3	20.48	57	955	372	0.3	22.28	57	0	(30)	16.7
Germany, Federal Republic of	16,364	14,820	13.8	242.16	267	15,611	15,056	14.0	246.01	255	753	(236)	61.2
Greece	2,333	1,197	1.1	120.91	236	1,903	1,093	1.0	110.40	192	430	104	9.9
Ireland	446	276	0.3	56.33	91	419	283	0.3	57.76	86	27	(7)	4.9
Italy	7,208	6,321	5.9	110.89	126	5,650	4,135	3.8	72.54	99	1,558	2,186	57.0
Luxembourg	436	367	0.4	967.50	1,095	387	340	0.3	850.00	968	51	47	0.4
Netherlands	7,756	5,854	5.4	406.53	539	7,189	5,804	5.4	403.06	499	567	50	14.4
Norway	2,333	1,866	1.7	455.12	569	2,091	1,763	1.6	430.00	510	242	103	4.1
Poland	4,077	688	0.6	18.64	110	5,098	1,258	1.2	34.09	138	(1,021)	(570)	36.9
Portugal	1,542	658	0.6	67.14	157	1,212	518	0.5	52.86	124	330	140	9.8
Spain	13,570	5,435	5.1	140.44	351	11,110	4,100	3.8	105.94	287	2,460	1,335	38.7
Sweden	3,921	3,099	2.9	373.37	472	3,584	2,615	2.4	315.06	432	337	484	8.3
Switzerland	4,459	5,493	5.1	658.26	697	4,467	5,030	4.7	785.94	698	(8)	463	6.4
Turkey	2,953	699	0.7	14.44	61	2,554	486	0.5	10.04	53	399	213	48.4
United Kingdom	2,402	1,503	1.4	26.65	43	2,030	1,325	1.2	19.16	34	372	178	56.4
Yugoslavia	5,334	1,926	1.8	83.74	232	5,170	1,614	1.5	70.17	225	164	312	23.0
Others	2,566	2,713	2.5	–	–	2,096	2,831	2.6	–	–	470	(118)	
Subtotal, Europe	102,130	73,915	68.7	–	–	93,000	67,693	68.4	–	–	9,130	6,222	
Africa and Middle East – Region VI	4,833	5,045	4.7	–	–	4,691	5,618	5.2	–	–	142	(573)	
TOTAL	152,453	107,535	100.0	–	–	138,852	98,936	100.0	–	–	13,601	8,599	

Table 2

Country-by-country performance report, 1985 - 1989

Performance Indicators 1 - 8 (PI 1 - PI 8) a/

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (millions of US dollars)					PI 4 Commissions/retention (Percentage of gross proceeds)				
	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989
North America – Region I																				
Canada	6.7	5.6	4.9	5.8	6.4	3.0	3.5	3.6	4.4	5.3	0.0	0.0	0.0	0.1	0.1	25	25	25	25	25
United States of America	13.6	14.2	14.0	11.7	13.0	6.0	7.8	7.9	8.4	9.6	0.4	0.8	0.4	0.6	0.6	41	37	34	36	28
Subtotal – North America	20.3	19.8	18.9	17.5	19.4	9.0	11.3	11.5	12.8	14.9	0.4	0.8	0.4	0.7	0.7	36	34	31	32	27
Latin America – Region II																				
Argentina	0.8	0.8	0.7	0.8	0.8	0.6	0.5	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.1	25	25	24	32	26
Brazil	5.8	6.4	5.6	4.7	5.8	1.5	2.1	2.4	1.8	2.8	0.0	0.0	0.3	0.4	1.1	38	33	29	38	33
Chile	0.3	0.2	0.3	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	55	27	49	56	42
Colombia	0.9	0.9	0.9	0.9	1.0	0.4	0.4	0.5	0.6	0.6	0.0	0.0	0.0	0.0	0.0	40	28	25	34	32
Ecuador	0.2	0.2	0.2	0.3	0.3	0.1	0.1	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	20	26	29	23	27
Mexico	0.4	0.4	0.5	0.5	0.5	0.2	0.2	0.4	0.5	0.6	0.0	0.0	0.0	0.0	0.0	49	45	33	39	36
Peru	0.3	0.4	0.5	0.4	0.4	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.0	25	26	26	25	23
Uruguay	0.3	0.3	0.3	0.4	0.4	0.1	0.1	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	25	26	25	25	25
Venezuela	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	20	20	33	29	29
Balance of Latin America	0.4	0.5	0.5	0.7	0.8	0.3	0.2	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0	14	17	18	16	17
Subtotal – Latin America	9.6	10.2	9.6	9.0	10.4	3.5	4.0	4.7	4.5	5.7	0.0	0.0	0.3	0.4	1.2	33	29	28	33	31
Asia – Region III																				
Hong Kong	0.0	0.1	0.3	0.4	0.4	0.0	0.0	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Indonesia	0.5	0.4	0.4	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	20	24	23	27	27
Japan	1.6	1.8	2.0	3.1	3.5	1.5	1.9	1.6	2.9	2.5	0.1	0.0	1.2	1.5	2.3	40	39	47	27	32
Korea, Republic of	0.2	0.3	0.2	0.2	0.3	0.1	0.1	0.1	0.1	0.2	0.0	0.0	0.0	0.0	0.0	56	39	65	78	81
Philippines	0.2	0.2	0.3	0.4	0.3	0.1	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	18	27	25	19	25
Thailand	0.2	0.3	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	29	28	44	37	41
Balance of Asia	0.4	0.4	0.5	0.5	0.6	0.2	0.3	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0	53	31	22	24	3
Subtotal – Asia	3.1	3.5	3.8	5.2	5.6	2.2	2.8	2.5	4.0	3.7	0.1	0.0	1.2	1.5	2.3	38	38	41	29	33
Pacific, India & Pakistan – Region IV																				
Australia	2.2	2.3	2.1	2.2	2.2	0.9	1.1	1.2	1.5	1.5	0.0	0.0	0.0	0.0	0.0	26	25	25	25	25
India	5.5	5.3	5.9	6.7	7.1	1.4	1.7	1.9	2.4	2.4	0.0	0.0	0.0	0.0	0.0	32	27	19	21	16
New Zealand	0.9	0.5	0.5	0.4	0.5	0.2	0.3	0.3	0.3	0.3	0.0	0.0	0.1	0.2	0.0	25	24	23	23	22
Pakistan	0.3	0.3	0.2	0.2	0.3	0.1	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	35	36	32	37	43
Subtotal – Pacific, India & Pakistan	8.9	8.4	8.7	9.5	10.1	2.6	3.2	3.6	4.3	4.3	0.0	0.0	0.1	0.2	0.0	29	26	22	23	21

a/ An explanation of the performance indicators is given in paragraphs 2 and 3 of the annex.

Table 2 (continued)

	PI 1 Card sales (Millions of card units)					PI 2 Gross proceeds (Millions of US dollars)					PI 3 Other income (millions of US dollars)					PI 4 Commissions/retention (Percentage of gross proceeds)				
	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989
Europe – Region V																				
Austria	1.4	1.5	1.4	1.4	1.6	0.6	1.0	1.2	1.2	1.3	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Belgium	1.8	1.9	1.7	1.9	2.1	1.0	1.5	1.5	1.6	1.8	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Czechoslovakia	0.4	0.3	0.3	0.3	0.5	0.5	0.7	0.7	0.7	0.8	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Denmark	2.0	1.9	2.0	2.0	1.9	1.0	1.3	1.6	1.7	1.6	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Finland	2.8	2.7	2.6	3.0	3.0	1.8	2.2	2.4	3.1	3.4	0.1	0.1	0.2	0.2	0.2	25	25	25	25	25
France	12.0	11.7	11.8	12.8	14.4	6.1	7.7	9.0	10.7	11.8	0.0	0.1	0.5	0.2	0.3	25	25	25	25	25
German Democratic Republic	0.4	1.0	1.0	1.0	1.0	0.1	0.3	0.4	0.4	0.3	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Germany, Federal Republic of	13.6	14.4	14.6	15.6	16.4	7.9	11.0	13.7	15.1	14.8	0.4	0.0	0.2	0.7	0.2	24	24	24	24	24
Greece	1.6	1.8	1.7	1.9	2.3	0.6	0.7	0.8	1.1	1.2	0.0	0.0	0.1	0.1	0.1	25	25	25	25	25
Ireland	0.3	0.4	0.3	0.4	0.4	0.1	0.2	0.2	0.3	0.3	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Italy	4.6	5.2	5.1	5.7	7.2	1.8	2.9	3.4	4.1	6.3	0.0	0.2	0.5	0.4	0.6	25	25	25	25	24
Luxembourg	0.6	0.3	0.4	0.4	0.4	0.3	0.2	0.3	0.4	0.4	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Netherlands	4.5	5.3	5.5	7.2	7.8	2.1	3.4	4.4	5.8	5.9	0.0	0.5	1.4	0.4	0.4	25	25	25	25	24
Norway	2.2	2.1	2.5	2.1	2.3	1.2	1.3	1.8	1.8	1.9	0.0	0.0	0.0	0.0	0.0	25	21	25	25	21
Poland	1.4	1.4	2.2	5.1	4.1	0.4	0.6	0.4	1.3	0.7	0.0	0.0	0.0	0.0	0.0	0	25	25	25	0
Portugal	0.6	0.8	1.0	1.2	1.5	0.2	0.3	0.4	0.5	0.6	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
Spain	7.4	8.3	9.7	11.1	13.6	1.6	2.3	3.2	4.1	5.4	0.1	0.1	0.2	0.0	0.0	25	25	25	25	25
Sweden	2.7	3.0	3.1	3.6	3.9	1.3	1.7	2.2	2.6	3.1	0.0	0.0	0.0	0.0	0.1	25	22	25	25	25
Switzerland	4.5	4.2	4.4	4.5	4.5	2.9	4.1	4.8	5.0	5.5	0.1	0.2	0.7	0.4	0.5	25	25	25	25	25
Turkey	1.4	1.5	1.9	2.5	3.0	0.2	0.3	0.4	0.5	0.7	0.0	0.0	0.0	0.0	0.0	25	25	25	25	25
United Kingdom	2.2	2.0	1.9	2.0	2.4	0.9	1.0	1.1	1.3	1.5	0.0	0.0	0.0	0.0	0.0	22	22	22	24	22
Yugoslavia	3.1	4.0	3.8	5.2	5.3	0.9	1.6	2.0	1.6	1.9	0.0	0.0	0.0	0.0	0.0	25	25	24	25	25
Others	0.9	1.0	2.1	2.1	2.5	1.8	1.6	2.8	2.8	2.7	0.0	0.2	0.3	0.0	0.1	24	24	25	24	25
Subtotal – Europe	72.4	76.7	81.0	93.0	102.1	35.3	47.9	58.7	67.7	73.9	0.7	1.4	4.1	2.4	2.5	25	25	25	25	24
Africa & Middle East – Region VI	3.0	3.5	3.8	4.7	4.8	3.4	4.2	4.9	5.6	5.0	0.0	0.0	0.0	0.0	0.0	14	12	13	13	14
TOTAL	117.3	122.1	125.8	138.9	152.4	56.0	73.4	85.9	98.9	107.5	1.2	2.2	6.1	5.2	6.7	27	26	25	25	25

Table 2 (continued)

	PI 5 Pricing (Percentage of base price)					PI 6 Distribution over sales (Percentage over base)					PI 7 Promotional materials (Percentage of gross proceeds)					PI 8 Contribution to GCO (Percentage of gross proceeds)				
	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989
North America – Region I																				
Canada	83	94	*	*	*	0	19	49	0	0	5	7	9	4	5	46	45	36	52	55
United States of America	*	*	*	*	*	58	48	5	19	27	10	10	11	12	9	23	38	40	38	48
Subtotal – North America	–	–	–	–	–	39	39	16	9	13	8	9	10	9	8	31	40	39	43	51
Latin America – Region II																				
Argentina	*	*	82	87	77	20	0	0	0	0	1	1	2	1	1	59	58	49	46	71
Brazil	45	62	67	59	66	20	0	14	24	0	2	2	3	4	3	25	41	50	42	82
Chile	55	64	60	56	53	56	206	103	61	0	4	3	6	10	6	(17)	(20)	(29)	(25)	18
Colombia	75	84	87	88	72	0	4	5	0	0	1	2	3	2	3	39	41	45	36	28
Ecuador	*	*	84	79	75	0	61	9	14	0	1	1	2	1	2	66	30	37	38	43
Mexico	76	96	96	96	96	45	27	29	87	0	12	4	3	3	2	6	18	26	35	33
Peru	64	66	65	61	76	0	0	0	14	0	1	1	1	1	1	45	53	48	30	47
Uruguay	64	76	67	74	61	0	49	0	0	0	5	6	5	3	5	39	22	49	45	37
Venezuela	75	64	62	65	70	10	75	0	0	0	2	2	3	3	2	52	31	40	27	30
Balance of Latin America	–	–	–	–	–	12	31	0	0	0	8	8	4	1	1	57	54	47	57	54
Subtotal – Latin America	–	–	–	–	–	15	4	9	10	0	3	2	3	3	2	35	41	45	40	61
Asia – Region III																				
Hong Kong	90	90	91	91	88	79	84	30	6	22	3	1	11	12	10	33	37	33	44	45
Indonesia	98	98	84	80	73	0	6	70	0	0	1	2	2	2	6	63	57	42	50	47
Japan	*	*	*	*	*	14	0	28	0	0	2	2	2	1	2	51	40	110	118	148
Korea, Republic of	90	92	91	98	*	101	201	0	0	0	11	4	7	6	6	(6)	28	2	(10)	(9)
Philippines	83	84	82	82	77	0	46	9	18	27	1	10	12	8	3	58	26	28	46	43
Thailand	75	84	78	81	77	0	27	161	39	5	4	2	6	7	11	43	44	(1)	25	26
Balance of Asia	–	–	–	–	–	0	0	20	6	0	1	2	6	5	1	16	50	40	42	70
Subtotal – Asia	–	–	–	–	–	13	23	30	0	0	2	2	4	3	4	47	40	81	95	112
Pacific, India & Pakistan – Region IV																				
Australia	69	78	95	*	*	0	6	34	0	2	12	18	10	6	5	34	32	32	49	48
India	50	62	55	61	47	10	118	10	0	0	1	1	1	1	1	36	46	45	51	52
New Zealand	65	83	*	*	*	14	15	0	0	0	7	5	4	7	7	33	48	57	85	33
Pakistan	69	76	75	72	61	0	0	104	88	0	3	4	4	11	5	38	41	19	(86)	31
Subtotal – Pacific, India & Pakistan	–	–	–	–	–	6	77	17	0	0	3	7	4	3	3	35	42	41	52	48

Table 2 (continued)

	PI 5 Pricing (Percentage of base price)					PI 6 Distribution over sales (Percentage over base)					PI 7 Promotional materials (Percentage of gross proceeds)					PI 8 Contribution to GCO (Percentage of gross proceeds)				
	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989	1985	1986	1987	1988	1989
Europe – Region V																				
Austria	*	*	*	*	*	19	38	12	19	20	5	14	7	11	6	57	45	56	53	58
Belgium	*	*	*	*	*	1	5	8	15	22	6	4	6	4	6	54	57	56	58	55
Czechoslovakia	68	70	71	67	53	0	0	0	0	0	2	0	0	0	0	61	65	63	62	62
Denmark	92	*	*	*	*	14	20	0	8	0	3	3	4	3	4	54	55	58	62	60
Finland	*	*	*	*	*	10	13	13	10	19	2	4	3	3	4	63	63	67	67	68
France	*	*	*	*	*	24	26	29	15	34	4	3	3	3	4	57	60	63	61	60
German Democratic Republic	60	66	71	70	*	0	0	0	0	0	0	0	1	1	2	72	73	73	73	72
Germany, Federal Republic of	*	*	*	*	*	12	5	1	2	6	3	2	1	1	2	63	61	65	68	63
Greece	60	62	71	76	68	9	0	0	0	0	6	7	7	4	3	47	46	56	55	61
Ireland	*	*	*	*	91	7	0	3	0	0	2	2	8	2	3	52	54	52	64	62
Italy	80	92	92	*	98	32	40	31	0	11	4	2	2	2	3	65	68	78	76	62
Luxembourg	95	*	*	*	*	0	0	26	8	3	2	3	5	5	6	57	60	55	61	60
Netherlands	*	*	*	*	*	28	12	5	4	6	4	4	3	3	4	56	69	90	68	65
Norway	*	*	*	*	*	19	18	12	18	10	1	2	1	1	2	63	42	59	46	50
Poland	25	28	18	23	16	55	0	0	0	19	0	1	1	0	0	62	41	6	61	67
Portugal	*	*	*	66	59	0	0	16	0	0	3	3	3	2	4	64	62	73	63	62
Spain	45	50	51	63	64	0	3	0	0	0	3	5	4	3	3	58	54	59	55	58
Sweden	95	*	*	*	*	10	22	17	0	39	2	2	2	1	2	62	56	42	43	52
Switzerland	*	*	*	*	*	12	8	8	16	7	6	5	6	6	6	61	64	75	67	69
Turkey	23	30	29	39	30	0	0	0	0	0	1	1	1	2	2	57	58	44	54	51
United Kingdom	80	81	73	86	86	32	28	23	18	24	4	3	4	3	6	41	41	42	41	41
Yugoslavia	25	44	49	49	45	0	12	0	0	0	2	0	1	1	0	51	62	63	55	67
Others	*	*	*	*	*	3	0	0	0	0	2	2	2	0	1	54	62	57	60	58
Subtotal – Europe	–	–	–	–	–	13	13	4	1	8	3	3	3	3	3	59	60	65	62	61
Africa and Middle East – Region VI	*	*	*	*	*	0	3	0	0	0	1	1	1	1	14	63	65	68	68	68
TOTAL	–	–	–	–	–	16	21	8	1	5	4	4	4	3	4	52	54	60	60	61